

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2782**

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**Introduced by Committee on Insurance (Solorio (Chair), Bradford, Carter, Feuer, Hayashi, Nava, and Torres)**

March 3, 2010

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An act to amend Sections 31, 33, 34, 1621, 1623, 1625, 1637, 1639, 1749, 1749.3, 1758.96, 1758.992, 1802.1, 1807.5, 1807.7, 1808, 1810.7, 1811, 14090, 14090.1, 15054, and 15059.1 of, to add Sections 1742.3, 1807.8, and 1807.9 to, and to repeal Section 1673 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2782, as amended, Committee on Insurance. Insurance omnibus.

(1) Existing law prohibits insurance agents, insurance brokers, and insurance solicitors from transacting in life insurance.

This bill would also prohibit insurance agents, insurance brokers, and insurance solicitors from transacting in disability insurance, health insurance, and 24-hour care coverage.

(2) Existing law provides that a fire and casualty licensee is a person authorized to act as an insurance agent, broker, or solicitor, and a fire and casualty broker-agent license is a license to make those insurance transactions. A fire and casualty licensee is authorized to transact 24-hour care coverage and any coverage that a personal lines licensee is authorized to transact.

This bill would delete the authorization of a fire and casualty licensee to transact 24-hour care coverage and any coverage that a personal lines licensee is authorized to transact. This bill would divide the fire and casualty broker-agent license into 2 insurance license types: property

broker-agent licenses, for insurance coverage on the direct or consequential loss or damage to property of every kind, and casualty broker-agent licenses, for insurance coverage against legal liability, including for death, injury, disability, or damage to real or personal property.

(3) Existing law requires a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license.

This bill would require a minimum of 20 hours of prelicensing study as a prerequisite to qualification for a property broker-agent license, and a minimum of 20 hours of prelicensing study as a prerequisite to qualification for a casualty broker-agent license.

(4) Existing law requires a fire and casualty broker agent to complete an annual minimum of 25 hours of continuing education for the first 4 years of his or her licensing, and after 4 years the licensee is required to complete a minimum of 24 hours of continuing education prior to license renewal, every 2 years.

This bill would instead require the property or casualty broker-agent to complete 24 hours of continuing education prior to license renewal.

(5) Existing law authorizes a person licensed as a fire and casualty broker-agent or a life licensee to transact disability insurance on behalf of an insurer which is authorized to transact disability insurance by filing a notice of appointment for that purpose.

This bill would delete that provision.

(6) Existing law authorizes the Insurance Commissioner, where a licensee has been found by the commissioner to have violated any provision of the code that would justify the suspension or revocation of a license held, or where a person is applying for a license and there exists grounds for the denial of the application by the commissioner, to after a hearing, revoke the license held or deny the application for an unrestricted license, and in lieu of an unrestricted license issue a restricted license.

This bill would authorize the commissioner, without a hearing, to issue an order denying an application by a business entity for an unrestricted license and granting instead a restricted license. The bill would also authorize this action by the commissioner where a controlling person of the business entity, as defined, holds a restricted license. The bill would provide for a means by which the business entity would be authorized to request reconsideration of the commissioner's decision. The bill would require that if the commissioner determines that the

business entity should have been granted an unrestricted license, the unrestricted license would be required to be granted retroactively.

(7) Existing law authorizes licensed insurance agents, insurance brokers, and credit insurance agents to act as credit insurance agents for an authorized insurer with respect to certain kinds of insurance sold in connection with and incidental to a loan or other extension of credit, as specified.

This bill would include in the definition of credit insurance guaranteed automobile protection insurance, as defined, and any other form of insurance declared by the commissioner to be credit insurance.

(8) Existing law requires an insurer not to execute an undertaking of bail except by and through a person holding a bail license issued by the commissioner. Bail licenses are renewable annually by way of a notice of intention to keep licenses in force or applications for renewal of licenses filed on or before June 30th of each year.

This bill would, commencing January 1, 2011, delete the notice of intention to keep licenses in force as a renewal method, and make bail licenses renewable every 2 years, as prescribed.

(9) Existing law requires that insurance adjusters and public insurance adjusters be licensed by the commissioner. Adjuster licenses expire on May 31 of each even-numbered year. Licensees are required, if not exempt, to complete a minimum of 24 hours of continuing education, including ethics.

This bill would change the expiration of those licenses to the day 2 years after the last calendar day of the month in which the initial license was issued. The bill would require licenses issued prior to January 1, 2011, to expire on May 31 of each even-numbered year. The bill also would require that 3 hours of the continuing education requirement consist of ethics.

(10) This bill would make conforming and related changes and delete obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 31 of the Insurance Code is amended to  
2 read:

3 31. "Insurance agent" means a person authorized, by and on  
4 behalf of an insurer, to transact all classes of insurance other than

1 life, disability, or health insurance, on behalf of an admitted  
2 insurance company.

3 SEC. 2. Section 33 of the Insurance Code is amended to read:

4 33. "Insurance broker" means a person who, for compensation  
5 and on behalf of another person, transacts insurance other than  
6 life, disability, or health with, but not on behalf of, an insurer.

7 SEC. 3. Section 34 of the Insurance Code is amended to read:

8 34. "Insurance solicitor" means a natural person employed to  
9 aid a property and casualty broker-agent acting as an insurance  
10 agent or insurance broker in transacting insurance other than life,  
11 disability, or health.

12 SEC. 4. Section 1621 of the Insurance Code is amended to  
13 read:

14 1621. An insurance agent is a person who transacts insurance,  
15 other than life, disability, or health insurance, on behalf of an  
16 admitted insurance company. The term "insurance agent" as used  
17 in this chapter does not include a life agent as defined in this article.

18 SEC. 5. Section 1623 of the Insurance Code is amended to  
19 read:

20 1623. (a) An insurance broker is a person who, for  
21 compensation and on behalf of another person, transacts insurance  
22 other than life, disability, or health insurance with, but not on  
23 behalf of, an admitted insurer. It shall be presumed that the person  
24 is acting as an insurance broker if the person is licensed to act as  
25 an insurance broker, maintains the bond required by this chapter,  
26 and discloses, in a written agreement signed by the consumer, all  
27 of the following:

28 (1) That the person is transacting insurance on behalf of the  
29 consumer.

30 (2) A description of the basic services the person will perform  
31 as a broker.

32 (3) The amount of all broker fees being charged by the person.

33 (4) If applicable, the fact that the person may be entitled to  
34 receive compensation from the insurer, directly or indirectly, for  
35 the consumer's purchase of insurance as a consequence of the  
36 transaction.

37 (b) If a transaction involves both a retail broker and a wholesale  
38 intermediary broker, the wholesale intermediary broker shall be  
39 deemed to have satisfied its disclosure obligations under this

1 section if it provides written disclosure to the retail broker of the  
2 criteria set forth in paragraphs (2), (3), and (4) of subdivision (a).

3 (c) The presumption of broker status is rebutted as to any  
4 transaction in the admitted market in which any of the following  
5 is present:

6 (1) The licensee is appointed, pursuant to Section 1704, as an  
7 agent of the insurer for the particular class or type of insurance  
8 being transacted.

9 (2) The licensee has a written agreement with an insurer  
10 containing express terms that authorize the licensee to obligate the  
11 insurer without first obtaining notification from the insurer that  
12 the insurer has accepted, conditionally or unconditionally, the  
13 submitted risk.

14 (3) The licensee is authorized, pursuant to a written agreement  
15 with an insurer, to appoint other licensees as agents of the insurer,  
16 pursuant to Section 1704.

17 (4) The licensee is authorized, pursuant to a written agreement  
18 with an insurer, to pay claims on behalf of the insurer.

19 (d) In all other cases, the presumption of broker status is rebutted  
20 based on the totality of the circumstances indicating that the  
21 broker-agent is acting on behalf of the insurer.

22 (e) For purposes of this section, “totality of the circumstances”  
23 means evidence indicating whether a broker-agent was acting on  
24 behalf of the insurer or was acting on behalf of a third person. In  
25 determining the totality of circumstances, all relevant facts and  
26 circumstances shall be reviewed and the review is not limited to  
27 any particular fact or factors and this section does not require that  
28 any particular circumstance receive greater or lesser weight.

29 SEC. 6. Section 1625 of the Insurance Code is amended to  
30 read:

31 1625. (a) A fire and casualty licensee is a person authorized  
32 to act as an insurance agent, broker, or solicitor, and a fire and  
33 casualty broker-agent license is a license so to act.

34 (b) Licenses to act as a fire and casualty broker-agent under this  
35 chapter shall be of the following types:

36 (1) Property, which shall entitle the licensee to transact insurance  
37 coverage on the direct or consequential loss or damage to property  
38 of every kind.

(2) Casualty, which shall entitle the licensee to transact insurance coverage against legal liability, including that for death, injury, disability, or damage to real or personal property.

SEC. 7. Section 1637 of the Insurance Code is amended to read:

1637. An organization may hold any license or licenses necessary to act in the following capacities under this chapter and no others:

- (a) A license to act as a life-only agent.
- (b) A license to act as an accident and health agent.
- (c) A license to act as a property broker-agent.
- (d) A license to act as a casualty broker-agent.
- (e) A license to act as a cargo shipper's agent.
- (f) A license to act as a personal lines licensee.
- (g) A license to act as a credit insurance agent.
- (h) A license to act as a rental car agent.
- (i) A nonresident license to act as a limited lines licensee pursuant to subdivision (i) of Section 1639.
- (j) A license to act as a self-service storage agent.
- (k) A license to act as a limited lines automobile insurance agent.

SEC. 8. Section 1639 of the Insurance Code is amended to read:

1639. The following types of licenses under this chapter may be issued to nonresidents:

- (a) A property broker-agent or a casualty broker-agent if the nonresident is duly licensed to transact those lines of insurance described in Section 1625, under the laws of the state, territory of the United States, or province of Canada where the resident license is maintained.
- (b) A personal lines broker-agent if the nonresident is duly licensed to transact those lines of insurance described in Section 1625.5, under the laws of the state, territory of the United States, or province of Canada where the resident license is maintained.
- (c) A life-only agent or an accident and health agent if the nonresident possesses a resident license in another state, territory of the United States, or province of Canada to transact life insurance or disability insurance.
- (d) A nonresident life-only agent may be granted authority to transact variable contracts if he or she has been granted that authority by the state where the resident license is maintained.

1 (e) A surplus line broker and a special lines surplus broker if  
2 the nonresident holds that type of license in the state or territory  
3 of the United States where the resident license is maintained.

4 (f) A credit insurance agent if the nonresident holds that type  
5 of license in the state, territory of the United States, or province  
6 of Canada where the resident license is maintained.

7 (g) A rental car agent if the nonresident holds that type of license  
8 in the state, territory of the United States, or province of Canada  
9 where the resident license is maintained.

10 (h) A cargo shipper's agent if the nonresident holds that type  
11 of license in the state, territory of the United States, or province  
12 of Canada where the resident license is maintained.

13 (i) A limited lines license if the nonresident holds that type of  
14 license in the state, territory of the United States, or province of  
15 Canada where the resident license is maintained. As used in this  
16 section, "limited lines license" means any authority granted by the  
17 resident state that restricts the authority of the license to less than  
18 the total authority granted by any of the types of licenses identified  
19 in this section.

20 (j) A self-service storage agent if the nonresident holds that type  
21 of license in the state, territory of the United States, or Province  
22 of Canada where the resident license is maintained.

23 SEC. 9. Section 1673 of the Insurance Code is repealed.

24 SEC. 10. Section 1742.3 is added to the Insurance Code, to  
25 read:

26 1742.3. (a) The commissioner may, without hearing, issue an  
27 order denying an application by a business entity for an unrestricted  
28 license and granting instead a restricted license. The commissioner  
29 may do so when a controlling person of the business entity, as  
30 defined in subdivision (b) of Section 1668.5, holds a restricted  
31 license. The commissioner may impose any reasonable restriction  
32 on the business entity's authority to transact insurance that is  
33 similar or related to the restriction imposed upon the controlling  
34 person. A description of the nature and scope of the restriction  
35 imposed upon the business entity shall be included in the  
36 commissioner's order. The business entity shall have no property  
37 right in the restricted license and the commissioner may, with or  
38 without hearing or cause, suspend or revoke the restricted license.  
39 The restricted license shall be issued in the normal course of  
40 business following the issuance of the order and shall remain in

1 effect pending the outcome of any request for reconsideration and  
2 any decision following a hearing pursuant to that request.

3 (b) The business entity may request reconsideration of the  
4 commissioner's decision to deny an unrestricted license within 30  
5 days from the date that the decision is mailed to the entity. ~~If the~~  
6 ~~commissioner grants~~ *If the business entity requests* a hearing on  
7 the request for reconsideration, the hearing shall be conducted  
8 pursuant to Article 10 (commencing with Section 11445.10) of  
9 Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government  
10 Code, and the business entity shall bear the burden of proving by  
11 clear and convincing evidence that an unrestricted license should  
12 have been granted instead of a restricted license. If the  
13 commissioner determines, after a hearing, that the business entity  
14 should have been granted an unrestricted license, the entity shall  
15 be granted that unrestricted license retroactive to the date of the  
16 granting of the restricted license.

17 SEC. 11. Section 1749 of the Insurance Code is amended to  
18 read:

19 1749. The department shall require all new applicants for  
20 license as a property broker-agent, casualty broker-agent, limited  
21 lines automobile insurance agent, personal lines broker-agent,  
22 life-only agent, or accident and health agent to meet prelicensing  
23 education standards as follows:

24 (a) Require a minimum of 20 hours of prelicensing study as a  
25 prerequisite to qualification for a property broker-agent license.  
26 The curriculum for satisfying this requirement shall be approved  
27 by the curriculum board and submitted to the commissioner for  
28 final approval. Any additions to the minimum requirements  
29 provided by this section shall be approved by the curriculum board  
30 pursuant to Section 1749.1 and certified by the department.

31 (b) Require a minimum of 20 hours of prelicensing study as a  
32 prerequisite to qualification for a casualty broker-agent license.  
33 The curriculum for satisfying this requirement shall be approved  
34 by the curriculum board and submitted to the commissioner for  
35 final approval. Any additions to the minimum requirements  
36 provided by this section shall be approved by the curriculum board  
37 pursuant to Section 1749.1 and certified by the department.

38 (c) Require a minimum of 20 hours of prelicensing study as a  
39 prerequisite for qualification for a personal lines broker-agent  
40 license. The curriculum for satisfying this requirement shall be



1 approved by the curriculum board and submitted to the  
2 commissioner for final approval. Any additions to the minimum  
3 requirements provided by this section shall be approved by the  
4 curriculum board pursuant to Section 1749.1 and certified by the  
5 department.

6 (d) Require a minimum of 20 hours of prelicensing study as a  
7 prerequisite for qualification for a life-only agent license. The  
8 curriculum for satisfying this requirement shall be approved by  
9 the curriculum board and submitted to the commissioner for final  
10 approval. Any additions to the minimum requirements provided  
11 by this section shall be approved by the curriculum board pursuant  
12 to Section 1749.1 and certified by the department.

13 (e) Require a minimum of 20 hours of prelicensing study as a  
14 prerequisite for qualification for a limited lines automobile  
15 insurance agent license. The curriculum for satisfying this  
16 requirement shall be approved by the curriculum board and  
17 submitted to the commissioner for final approval. Any additions  
18 to the minimum requirements under this section shall be approved  
19 by the curriculum board pursuant to Section 1749.1 and certified  
20 by the department.

21 (f) Require a minimum of 20 hours of prelicensing study as a  
22 prerequisite for qualification for an accident and health insurance  
23 agent license. The curriculum for satisfying this requirement shall  
24 be approved by the curriculum board and submitted to the  
25 commissioner for final approval. Any additions to the minimum  
26 requirements under this section shall be approved by the curriculum  
27 board pursuant to Section 1749.1 and certified by the department.  
28 This curriculum shall also include instruction in workers'  
29 compensation and general principles of employers' liability.

30 (g) In addition to the 20 hours of prelicensing education required  
31 to qualify for a license as a property broker-agent, casualty  
32 broker-agent, personal lines broker-agent, a life-only agent, or an  
33 accident and health agent, or the 20 hours of prelicensing education  
34 required to qualify for a license as a limited lines automobile  
35 insurance agent, the department shall require 12 hours of study on  
36 ethics and this code. Where an applicant seeks a license for more  
37 than one of the following license types: a fire and casualty  
38 broker-agent license, a personal lines broker-agent license, a  
39 life-only license, or an accident and health license, the applicant  
40 shall only be required to complete one 12-hour course on ethics

1 and this code. The curriculum for satisfying this requirement shall  
2 be approved by the curriculum board and submitted to the  
3 commissioner for final approval.

4 (h) An applicant for a life-only agent license, an accident and  
5 health license, a personal lines broker-agent license, or a limited  
6 lines automobile insurance agent license, who is currently licensed  
7 as a nonresident in this state shall be required to complete only the  
8 course of study on ethics and this code, as required by this section.  
9 Additionally, any applicant for that license holding one or more  
10 of the designations specified in subdivisions (a) to (p), inclusive,  
11 of Section 1749.4 shall be exempted from any requirement for  
12 courses in general insurance that would otherwise be a condition  
13 of issuance of the license.

14 (i) An applicant for a property broker-agent or casualty  
15 broker-agent license who is currently licensed as a nonresident in  
16 this state shall be required to complete only the course of study on  
17 ethics and this code, as required by subdivision (g). Additionally,  
18 any applicant for a license holding one or more of the designations  
19 specified in subdivisions (a) to (p), inclusive, of Section 1749.4,  
20 shall be exempted from any requirement for courses in general  
21 insurance that would otherwise be a condition of issuance of a  
22 license.

23 (j) An applicant for a property broker-agent or casualty  
24 broker-agent license or both who is licensed as a personal lines  
25 agent shall complete a minimum of 20 hours of prelicensing study  
26 as a prerequisite for each of these licenses. The curriculum for  
27 satisfying this requirement shall be approved by the curriculum  
28 board and submitted to the commissioner for final approval. The  
29 applicant shall not be required to repeat any prelicensing  
30 requirements completed as a prerequisite to being licensed as a  
31 personal lines agent.

32 (k) Review and approval of prelicensing courses not conducted  
33 in a classroom, as referenced in subdivisions (a) to (j), inclusive,  
34 shall include an evaluation of the safeguards in place to ensure  
35 that the student completing the course is the person enrolled in the  
36 course, methods used to monitor the students' attendance are  
37 adequate, methods for the student to interact with the entity  
38 providing the training exist, and methods used to record the times  
39 spent completing the course are adequate.

1 (l) Prelicensing certificates of completion expire three years  
2 from the completion date of the course, whether or not a license  
3 is issued.

4 SEC. 12. Section 1749.3 of the Insurance Code is amended to  
5 read:

6 1749.3. An individual licensed as a life-only agent or an  
7 accident and health agent and also licensed as a property or casualty  
8 broker-agent, or an individual only licensed as a property or  
9 casualty broker-agent, shall complete those courses, programs of  
10 instruction, or seminars approved by the commissioner for the type  
11 of license held. Completion of specified product training required  
12 in subdivision (d) of Section 1749.33, subdivision (b) of Section  
13 1749.8, and paragraph (4) of subdivision (a) of Section 10234.93  
14 may result in the completion of more than the minimum of required  
15 continuing education hours. The minimum number of hours  
16 required is as follows:

17 (a) Any licensee, as specified in ~~subdivision (a)~~ *this section*,  
18 shall satisfactorily complete 24 hours of instruction prior to renewal  
19 of the license. These hours of instruction may be completed at any  
20 time prior to renewal of the license.

21 (b) An individual licensed as a property broker-agent or casualty  
22 broker-agent and as a life-only agent or an accident and health  
23 agent shall satisfy the requirements of this section by demonstrating  
24 completion of the courses, programs of instruction, or seminars  
25 approved by the commissioner for any of the license types listed  
26 in ~~subdivision (a)~~ *this section*.

27 (c) A licensee shall not be required to comply with the  
28 requirements of this article if the licensee submits proof satisfactory  
29 to the commissioner that he or she has been a licensee in good  
30 standing for 30 continuous years in this state and is 70 years of  
31 age or older. This exemption shall not apply to those individuals  
32 licensed for the first time on or after January 1, 2010.

33 SEC. 13. Section 1758.96 of the Insurance Code is amended  
34 to read:

35 1758.96. A person licensed pursuant to this article may act as  
36 a credit insurance agent for an authorized insurer only with respect  
37 to the kinds of insurance specified in this section sold in connection  
38 with and incidental to a loan or other extension of credit other than  
39 a loan in excess of sixty thousand dollars (\$60,000) relating to or  
40 secured by real property where the repayment period does not

1 exceed 10 years. The sale of credit insurance products as specified  
2 in this section in excess of sixty thousand dollars (\$60,000) relating  
3 to or secured by real property where any compensation, fee, or  
4 commission is paid dependent on the placement of credit insurance,  
5 requires a license to act as an insurance agent or life agent pursuant  
6 to Section 1621 or 1622.

7 (a) Credit life insurance.

8 (b) Credit disability insurance.

9 (c) Credit involuntary unemployment insurance or credit  
10 loss-of-income insurance.

11 (d) Credit property insurance.

12 (e) Guaranteed automobile protection (GAP) insurance.

13 (f) Any other form of insurance declared by the commissioner  
14 to be subject to this section pursuant to subdivision (d) of Section  
15 1758.992.

16 SEC. 14. Section 1758.992 of the Insurance Code is amended  
17 to read:

18 1758.992. As used in this article, the following definitions have  
19 the following meanings:

20 (a) "Enrollment" means the process of soliciting or accepting  
21 enrollments or applications from a debtor under a credit insurance  
22 policy, which includes informing the debtor of the availability of  
23 coverage, calculating the insurance charge, preparing and delivering  
24 the certificate of insurance or notice of proposed insurance,  
25 answering questions regarding the coverage, or otherwise assisting  
26 the debtor in making an informed decision whether or not to elect  
27 to purchase credit insurance.

28 (b) "Creditor" means a lender of money or a vendor or lessor  
29 of goods, services, property, rights, or privileges, for which  
30 payment is arranged through a credit transaction, or any successor  
31 to the right, title, or interest of that lender, vendor, or lessor, and  
32 any affiliate, associate, subsidiary, subcontractor, director, officer,  
33 or employee of any of them or any other person in any way  
34 associated with any of them.

35 (c) "Credit insurance agent license" means an agent license  
36 issued to an individual or organization for the enrollment and sale  
37 of credit insurance.

38 (d) "Credit insurance" includes credit life insurance, credit  
39 disability insurance, credit involuntary unemployment insurance,

1 credit loss-of-income insurance, credit property insurance, or  
2 guaranteed automobile protection (GAP) insurance.

3 Credit insurance also includes any other form of insurance  
4 offered in connection with an extension of credit that is limited to  
5 partially or wholly extinguishing that credit obligation that the  
6 commissioner determines should be designated a form of credit  
7 insurance.

8 The commissioner may adopt, pursuant to Chapter 3.5  
9 (commencing with Section 11340) of Part 1 of Division 3 of Title  
10 2 of the Government Code, reasonable rules and regulations  
11 necessary to carry out this subdivision.

12 (e) (1) "Credit life insurance" means insurance on the life of a  
13 debtor pursuant to or in connection with a specific loan or other  
14 credit transaction, exclusive of any insurance procured at no  
15 expense to the debtor. Insurance shall be deemed procured at no  
16 expense to the debtor unless the cost of the credit transaction to  
17 the debtor varies depending on whether or not the insurance is  
18 procured.

19 (2) "Credit disability insurance" means insurance on a debtor  
20 to provide indemnity for payments becoming due on a specific  
21 loan or other credit transaction while the debtor is disabled, as  
22 defined in the policy, exclusive of any insurance procured at no  
23 expense to the debtor. Insurance shall be deemed to have been  
24 procured at no expense to the debtor unless the cost of the credit  
25 transaction to the debtor varies depending on whether or not the  
26 insurance is procured.

27 (f) "Credit involuntary unemployment insurance" or "credit  
28 loss-of-income insurance" means insurance issued to provide  
29 indemnity for payments becoming due on a specific loan or other  
30 credit transaction while the debtor is involuntarily unemployed,  
31 as defined in the policy.

32 (g) "Credit property insurance" means insurance that provides  
33 coverage (1) on personal property pledged or offered as collateral  
34 for securing a personal or consumer loan, or (2) on personal  
35 property purchased under an installment sales agreement or through  
36 a consumer credit transaction, but does not include any insurance  
37 that provides theft, collision, liability, property damage, or  
38 comprehensive insurance coverage in any automobile or any other  
39 self-propelled vehicle that is designed primarily for operation in  
40 the air or on the highways, waterways, or sea, and its operating

1 equipment, or that is necessitated by reason of the liability imposed  
2 by law for damages arising out of the ownership, operation,  
3 maintenance, or use of those vehicles. However, that excluded  
4 insurance does include single interest coverage on any of those  
5 vehicles that insures the interest of the creditor in the same manner  
6 as collateral secures a loan.

7 (h) (1) “Guaranteed automobile protection” (GAP) insurance  
8 means insurance in which a person agrees to indemnify a vehicle  
9 purchaser or lessee for any of the difference between the actual  
10 cash value of the insured’s vehicle at the time of an unrecovered  
11 theft or total loss and the amount owed on the vehicle pursuant to  
12 the terms of a loan, lease agreement, or installment sales contract  
13 used to purchase or lease the vehicle. GAP insurance may also  
14 include a promise to pay up to five thousand dollars (\$5,000) to  
15 an insured, in addition to the sum needed to indemnify the insured  
16 for the difference between the actual cash value and the outstanding  
17 debt, to purchase or lease another vehicle.

18 (2) GAP insurance does not include, and no insurance license  
19 of any type under this code is required to offer, any of the  
20 following:

21 (A) A promise contained in a conditional sales contract for the  
22 sale of a vehicle by a licensed motor vehicle dealer or a promise  
23 contained in a lease agreement for the lease of a vehicle by a  
24 licensed motor vehicle dealer or leasing company to waive all or  
25 a portion of the difference between the actual cash value of the  
26 insured’s vehicle at the time of an unrecovered theft or total loss  
27 and the amount owed on the vehicle pursuant to the terms of a  
28 loan, lease agreement, or installment sales contract used to purchase  
29 or lease the vehicle.

30 (B) A promise by a lender as part of a debt obligation to  
31 purchase or lease a vehicle in which the lender agrees to waive all  
32 or a portion of the difference between the actual cash value of the  
33 insured’s vehicle at the time of an unrecovered theft or total loss  
34 and the amount owed on the vehicle pursuant to the terms of a  
35 loan, lease agreement, or installment sales contract used to purchase  
36 or lease the vehicle.

37 (C) Coverage under subparagraphs (A) and (B) may not include  
38 a promise to pay money to a vehicle purchaser or lessee in addition  
39 to waiving the difference between the actual cash value and the  
40 amount owed.

1 SEC. 15. Section 1802.1 of the Insurance Code is amended to  
2 read:

3 1802.1. Every applicant for a license to act as a bail agent shall  
4 file with the commissioner a notice of appointment executed by a  
5 surety insurer or its authorized representative authorizing that  
6 applicant to execute undertakings of bail and to solicit and negotiate  
7 those undertakings on its behalf. Additional notices of appointment  
8 may be filed by other surety insurers, upon the payment for each  
9 additional notice of the fees specified in subdivision (a) of Section  
10 1811, before the license is issued and thereafter, as long as the  
11 license remains in force. Each appointment shall, by its terms,  
12 continue in force until any of the following occur:

- 13 (a) Termination of the bail agent's license.  
14 (b) The end of the license term, if the fee provided in subdivision  
15 (e) of Section 1811 for filing a renewal application is not paid.  
16 (c) The filing of a notice of termination by the insurer, its  
17 representative, or by the bail agent.

18 SEC. 16. Section 1807.5 of the Insurance Code is amended to  
19 read:

20 1807.5. Except as provided in Sections 1669 and 1738, the  
21 commissioner shall not suspend or revoke any license, issued under  
22 this article, without first granting a hearing, upon reasonable notice  
23 to the applicant, except that he may temporarily suspend a license  
24 for a period not exceeding 15 days pending the hearing. Where a  
25 hearing is held under this section the proceedings shall be  
26 conducted in accordance with Chapter 5 (commencing with Section  
27 11500) of Part 1 of Division 3 of Title 2 of the Government Code,  
28 and the commissioner shall have all the powers granted pursuant  
29 to that chapter.

30 SEC. 17. Section 1807.7 of the Insurance Code is amended to  
31 read:

32 1807.7. Commencing on January 1, 2011, all licenses issued  
33 pursuant to this article shall be for a license term of two years.

34 SEC. 18. Section 1807.8 is added to the Insurance Code, to  
35 read:

36 1807.8. "License term" as used in this chapter means all of  
37 that two-year period beginning as described in subdivision (a) or  
38 (b) of Section 1807.9, as applicable, and ending on the day two  
39 years after the last calendar day of the month in which the initial

1 license was issued. Licenses issued prior to January 1, 2011, shall  
2 expire on June 30th of each odd numbered year.

3 SEC. 19. Section 1807.9 is added to the Insurance Code, to  
4 read:

5 1807.9. "License year" as used in this chapter shall be  
6 determined for each individual and entity as follows:

7 (a) Upon initial licensing, the license year starts on the date the  
8 license is issued.

9 (b) Subsequently, each license year starts the first day of the  
10 month following the month in which the initial license was issued.

11 (c) A license year ends the following calendar year on the last  
12 calendar day of the month in which the initial license was issued.

13 (d) A license year for licenses issued prior to January 1, 2011,  
14 starts on July 1st and ends on June 30th.

15 SEC. 20. Section 1808 of the Insurance Code is amended to  
16 read:

17 1808. (a) Applications for renewal of licenses may be filed  
18 on or before the expiration date upon payment of the fees for filing  
19 specified in Section 1811.

20 (b) Upon failure to file the application as provided in subdivision  
21 (a), the license shall expire on the first day of the next month, but  
22 the holder may file an application for a new license. Until that  
23 same month and day of the next succeeding year the fee shall be  
24 twice that specified in Section 1811 for the filing.

25 (c) No application shall be deemed filed within the meaning of  
26 this section unless the document itself has been actually delivered  
27 to, and the proper fee for its filing has been paid at, the office of  
28 the commissioner during office hours, or unless both the document  
29 and the fee have been filed and remitted pursuant to Sections 11002  
30 and 11003 of the Government Code.

31 SEC. 21. Section 1810.7 of the Insurance Code is amended to  
32 read:

33 1810.7. (a) In order to be eligible to take the examination  
34 required to be licensed under this chapter, the applicant shall have  
35 completed not less than 12 hours of classroom education in subjects  
36 pertinent to the duties and responsibilities of a bail licensee,  
37 including, but not limited to, all related laws and regulations, rights  
38 of the accused, ethics, and apprehension of bail fugitives.  
39 Additionally, a licensee shall complete in each two-year license



1 term not less than 12 hours of continuing education in these  
2 subjects prior to renewal of his or her license.

3 (b) The commissioner shall approve or disapprove an applicant  
4 to provide education for licensure as required by this section within  
5 90 days of receipt of the applicant's full and complete application.  
6 However, this 90-day period shall be tolled during the pendency  
7 of any investigation of the applicant by the commissioner for an  
8 alleged violation that would, if proven, result in the suspension,  
9 revocation, or denial of the provider's approval to provide  
10 continuing education to bail agents as prescribed in Section 1813.  
11 Failure to disapprove an applicant within this period shall result  
12 in the automatic approval of the application. Approval shall be  
13 valid for two years. The commissioner may, at any time, disapprove  
14 any provider who is not qualified or whose course outlines are not  
15 approved, who is not of good business reputation, or who is lacking  
16 in integrity, honesty, or competency. A provider shall not provide  
17 education for licensure following the expiration of the two-year  
18 approval period unless the commissioner has renewed the  
19 provider's approval. The commissioner shall, at the time of  
20 renewal, approve or disapprove the course outlines and schedule  
21 of classes to be provided.

22 (c) Providers responsible for providing education for licensure  
23 under this chapter shall consult with the California State Sheriffs'  
24 Association, the California District Attorneys Association, and the  
25 County Counsels Association of California prior to submission of  
26 the course outlines for approval by the commissioner, and these  
27 entities may respond within 30 days of receipt of a request for  
28 consultation from a provider. Providers shall maintain records of  
29 their requests for consultation and any responses from these  
30 entities, and make these records available to the department for  
31 review as requested. The bail license fee shall be increased, the  
32 amount of which shall be determined by the commissioner, which  
33 shall be deposited in the Insurance Fund for the purposes of  
34 recovering the administrative costs for meeting the conditions and  
35 purposes of this section. Providers of education or continuing  
36 education shall offer courses to all applicants at the same course  
37 fees.

38 (d) Any person who falsely represents to the commissioner that  
39 compliance with this section has been met shall be subject, after

1 notice and hearing, to the penalties and fines set out in Section  
2 1814.

3 (e) A licensee shall not be required to comply with the  
4 continuing education requirements of this section if the licensee  
5 submits proof satisfactory to the commissioner that he or she has  
6 been a licensee in good standing for 30 continuous years in this  
7 state and is 70 years of age or older.

8 (f) The commissioner may make reasonable rules and regulations  
9 necessary, advisable, and convenient for the administration and  
10 enforcement of this chapter. The rules and regulations may include  
11 a schedule establishing fees to be paid by an applicant seeking  
12 approval to act as a provider and to deliver courses under this  
13 section. Those fees shall be in an amount no greater than fees paid  
14 by applicants providing similar courses to other insurance agents  
15 licensed by the department, as specified in Section 1751.1.

16 (g) Nothing in this chapter shall preclude completion of the bail  
17 agent continuing education requirements of this section through a  
18 course of instruction offered via the Internet or correspondence.  
19 However, this subdivision shall not be construed to allow  
20 completion of the prelicensing education requirements of this  
21 section through a course of instruction.

22 (h) Successful completion of the continuing education  
23 requirements by means of an Internet or correspondence course  
24 shall require obtaining a passing grade of at least 70 percent on a  
25 written final examination. The final examination shall be open  
26 book and shall be graded by the approved provider. The provider  
27 shall issue certificates of completion only to those students who  
28 have passed the final examination.

29 SEC. 22. Section 1811 of the Insurance Code is amended to  
30 read:

31 1811. For his services in connection with the filing of any  
32 application or request for any license under this chapter, the  
33 commissioner shall charge and collect the following fees:

34 (a) For filing an application or request for bail agent's license,  
35 one hundred eighteen dollars (\$118) per year.

36 (b) For filing an application or request for bail solicitor's license,  
37 one hundred eighteen dollars (\$118) per year.

38 (c) For filing an application or request for bail permittee's  
39 license, two hundred thirty-six dollars (\$236).

1 (d) For filing an application for examination, or reexamination,  
2 twenty-four dollars (\$24).

3 (e) For a renewal application, a fee of thirty-five dollars (\$35)  
4 per year. In the case of a bail agent with more than one valid notice  
5 of appointment on file, the fee to be charged pursuant to this  
6 subdivision shall be the fee provided herein multiplied by the  
7 number of insurers whose valid appointments are on file at the  
8 date the document is filed unless the bail agent in that document  
9 advises the commissioner of his intent to terminate the appointment  
10 of one or more of those insurers, in which event the fee shall be  
11 based upon the number for insurers remaining.

12 (f) For a bail solicitor's renewal application, a fee of thirty-five  
13 dollars (\$35) per year.

14 (g) For a bail permittee's renewal application, a fee of one  
15 hundred forty-eight dollars (\$148) per year.

16 (h) At the time of filing an application for a license, if a  
17 qualifying examination is required for issue or in connection with  
18 the license, the fee for filing the first application to take the  
19 qualifying examination shall be paid at the time of filing application  
20 for the license.

21 (i) For filing application or request for approval of a true or  
22 fictitious name pursuant to Section 1724.5, twelve dollars (\$12),  
23 except that there shall be no fee when the name is contained in an  
24 original application.

25 (j) For filing a bond required by this chapter, except when the  
26 bond constitutes part of an original application, ten dollars (\$10).

27 (k) For filing a first amendment to an application, six dollars  
28 (\$6).

29 (l) For filing a second and each subsequent amendment to an  
30 application, twelve dollars (\$12).

31 SEC. 23. Section 14090 of the Insurance Code is amended to  
32 read:

33 14090. Every license, branch office certificate, and pocket card  
34 issued pursuant to this chapter shall expire on the day two years  
35 after the last calendar day of the month in which the initial license  
36 was issued. Licenses issued prior to January 1, 2011, shall expire  
37 on May 31 of each even-numbered year. To renew an unexpired  
38 license or certificate, the licensee shall, on or before the date on  
39 which it would otherwise expire, apply for renewal on a form  
40 prescribed by the commissioner, and pay the renewal fee prescribed

1 by this chapter. On renewal, the evidence of renewal of the license  
2 or certificate as the commissioner may prescribe, and renewal  
3 pocket cards for the persons mentioned in Section 14034, shall be  
4 issued to the licensee.

5 SEC. 24. Section 14090.1 of the Insurance Code is amended  
6 to read:

7 14090.1. (a) An individual who holds an insurance adjuster  
8 license and who is not exempt under subdivision (b) of this section  
9 shall satisfactorily complete a minimum of 24 hours, of which  
10 three hours are to be in ethics, of continuing education courses  
11 pertinent to the duties and responsibilities of an insurance adjuster  
12 license reported to the insurance commissioner on a biennial basis  
13 in conjunction with his or her license renewal cycle.

14 (b) This section does not apply to either of the following:

15 (1) A licensee not licensed for one full year prior to the end of  
16 the applicable continuing education biennium.

17 (2) A licensee holding a nonresident insurance adjuster license  
18 who has met the continuing education requirements of his or her  
19 designated resident state.

20 SEC. 25. Section 15054 of the Insurance Code is amended to  
21 read:

22 15054. Every license, branch office certificate, and pocket card  
23 issued pursuant to this chapter shall expire on the day two years  
24 after the last calendar day of the month in which the initial license  
25 was issued. Licenses issued prior to January 1, 2011, shall expire  
26 on May 31 of each even-numbered year. To renew an unexpired  
27 license or certificate, the licensee shall, on or before the date on  
28 which it would otherwise expire, apply for renewal on a form  
29 prescribed by the commissioner, and pay the renewal fee prescribed  
30 by this chapter. On renewal, the evidence of renewal of the license  
31 or certificate as the commissioner may prescribe, and renewal  
32 pocket cards for the persons mentioned in Section 15022 shall be  
33 issued to the licensee.

34 SEC. 26. Section 15059.1 of the Insurance Code is amended  
35 to read:

36 15059.1. (a) An individual who holds a public insurance  
37 adjuster license and who is not exempt under subdivision (b) shall  
38 satisfactorily complete a minimum of 24 hours, of which three  
39 hours are to be in ethics, of continuing education courses pertinent  
40 to the duties and responsibilities of a public insurance adjuster

1 license, to be reported to the insurance commissioner on a biennial  
2 basis in conjunction with his or her license renewal cycle.

3 (b) This section shall not apply to:

4 (1) A licensee not licensed for one full year prior to the end of  
5 the applicable continuing education biennium.

6 (2) A licensee holding a nonresident public insurance adjuster  
7 license who has met the continuing education requirements of his  
8 or her designated state or residence.

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